

Original Paper

Analysis of the East African Community Integration Process as an Opportunity for Uganda's Medium-to-Long-Term Development

Rogers Matte^{1*}

¹ Macroeconomic Planning Department, National Planning Authority, Kampala, Uganda

* Rogers Matte, Macroeconomic Planning Department, National Planning Authority, Kampala, Uganda

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Abstract

This paper reviews the key developments of the EAC integration in a manner that paves way for identifying salient gaps in programming to inform medium-term development planning in Uganda. Specifically, the paper identifies the main achievements and challenges registered by the EAC over the past 10 years; appraises Uganda's optimism on integration, identifying the country's efforts to mainstream EAC integration agenda and the benefits registered; and recommends measures for accelerating the benefits of integration to Uganda in the medium to long-term.

Uganda has benefitted immensely from the EAC integration by exploiting its comparative advantage in certain industries, and has registered growth in exports to the region at unprecedented rates. Trade has grown faster than investment in the region. The country has benefitted from joint coordination of programmes and projects facilitating resource mobilisation for priority projects. The key challenges remain the recurrence of non-trade barriers and the low pace of project execution which hinder accelerated registration of benefits. The East African Community development programming provides an opportunity for the government of Uganda to take advantage of the long-term perspective planning to identify areas for joint coordination and execution with the Partner States of the EAC integration.

Keywords

East African Community, regional economic integration, economic development

1. Introduction

1.1 Background

The East African Community (EAC) is a regional inter-governmental organisation of 6 Partner States: the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda. The EAC was re-established by the 1999 Treaty that entered into force in 2000 following its ratification by three Partner States of Uganda, Kenya, and Tanzania. The Republics of Rwanda and Burundi became full members of the EAC later in 2007 while the Republic of South Sudan acceded to the Treaty and become a full member in 2016. The EAC was re-established with the belief that co-operation at the sub-regional and regional levels in all fields of human endeavour will raise the standards of living of African peoples, maintain and enhance the economic stability, foster close and peaceful relations among the African states and accelerate the successive stages in the realisation of the proposed African Economic Community and Political Union. Since its re-establishment, progress has been made in operationalizing the various provisions of the treaty, through proposals, policies, strategic plans, programmes and projects. In particular, implementation of the EAC programmes is structured around four main core areas, the pillars of integration, namely the Customs Union, the Common Market, Monetary Union and the Political Federation.

The current status of the East African regional integration can be brought into perspective by considering its historical milestones. The first treaty for East African Cooperation among Kenya, Uganda and Tanzania was Signed 1967. This followed a series of key developments in cooperation between 1897 and 1961 by the colonial administration of that time under which elements of integration were vivid (Table 1). These include: building of the railway, the customs union in 1917, and the various boards about currency, postal services, governors' conference, income tax, and others. By 1961, the East African Common Services Organisation (EACSO) was established although it suffered from a lack of joint planning and fiscal policy, separate political policies and Kenya's dominant economic position.

The EAC was dissolved in 1977 because at that time there was lack of strong political will, lack of strong participation of the private sector and civil society in the co-operation activities, the continued disproportionate sharing of benefits of the Community among the Partner States due to their differences in their levels of development and lack of adequate policies to address this situation. The treaty for the re-establishment of the East African Community was signed by the three Presidents of the Republic of Kenya, Republic of Uganda and the United Republic of Tanzania on 30th November, 1999. 30th November is recognized as EAC Day across the region for this reason.

Table 1. Summary of the Key Facts about East African Community Integration Process

Dates	Description of Major Event
1897-1901	Railway lines across Kenya, Uganda and Tanganyika open up the region for colonial development under the management of the East African Railways Cooperation.
1900-1917	Customs for goods destined for Uganda are collected at Mombasa port and a full Customs Union comprising Kenya, Uganda and later, Tanganyika is established in 1917.
1905-1940	The East African Currency Board, the Postal Union, the Court of Appeal for Eastern Africa, the East African Governors' Conference, the East African Income Tax Board and the Joint Economic Council are established.
1946	The East African Airways Corporation is incorporated. It covered the East African region as well as operated across Africa, connecting also to Europe and India.
1948-1961	The East African High Commission (EACH) is the coordinating body to deal with a customs union, a common external tariff, currency and post-age; and also with common services in transport and communications, research and education.
1961	Following independence, the East African High Commission is replaced by the East African Common Services Organisation (EACSO), which many observers thought would lead to a political federation between the three territories. However, the new organisation suffered from a lack of joint planning and fiscal policy, separate political policies and Kenya's dominant economic position.
1967	Signing of the "Treaty for East African Cooperation" among Kenya, Uganda and Tanzania.
1977	Dissolution of the first East African Community.
1999	The Treaty for the Establishment of the East African Community was signed by the three Presidents of the Republic of Kenya, Republic of Uganda and the United Republic of Tanzania on 30th November, 1999. 30th November is recognized as EAC Day across the region.
2005	The Protocol for the establishment of the EAC Customs Union was signed on 1st July, 2005.
2007	The Republic of Rwanda and the Republic of Burundi were admitted and became full members of EAC on 1st July, 2007.
2010	The EAC Common Market Protocol entered into force on 1st July, 2010, an expansion of the bloc's existing Customs Union.
2013	The East African Monetary Union (EAMU) is the third milestone of the EAC integration process. The EAMU Protocol was signed on 30th November, 2013 and set the groundwork for a monetary union within 10 years while allowing the EAC Partner

Dates	Description of Major Event
	States to progressively converge their currencies into a single currency in the Community.
2016	The Republic of South Sudan was admitted and became a full member of EAC on 5th September, 2016.
2017	On 20th May, 2017, the EAC Heads of State adopted the Political Confederation as a transitional model of the East African Political Federation.

Source: EAC, 2018.

Seven years after the EAC treaty coming into force, government of Uganda established a Ministry for the East African Community Affairs (MEACA) in 2007, responsible for coordinating the affairs of the government of Uganda in line with Article 8 (3) of Treaty. This was in a way upgrading a department of EAC Affairs that was formerly housed in the Ministry of Foreign Affairs until 2006. One of the mandates of the MEACA is to ensure mainstreaming of EAC issues in the National Development and Sectoral Plans (NDPs, SDPs) and budgets. The main mission of the ministry at its inception was “to ensure that Ugandans benefit from the East African Community integration”. The key achievements of integration in Uganda can be summarised to include: the development of elaborate 5-Year Strategic Plans for the EAC; the development of medium-term communication strategies; and comprehensive pillar focused implementation Plans; the establishment of functional structures and organs including the linkages between them; among others (Niyonzima, 2018).

In 2015 government of Uganda developed a policy to guide integration of the East African Community Agenda into the Country’s development plans, policies, programmes and projects in order to pave way for the smooth realisation of integration benefits. Uganda’s decision to integrate with the rest of the EAC was based on the expectation for lower barriers to trade and the increase in trade as a way of accelerating improvement in the well-being of the country’s population. The country expected to benefit from increased aggregate demand due to a lower cost of production and consumption which would trigger greater demand for and utilisation of factors of production, leading to an increase employment, higher production in agriculture and industry. In a nutshell, integration was expected to increase market access and competitiveness, among the key benefits (Republic of Uganda, 2015).

As part of the integration process of the EAC agenda into national development frameworks, it is imperative that developments in regards to the expectations are taken into account by the national planning machinery in order not to lose focus on the existing opportunities that have been set forward. Among the key stakeholders managing these processes is the National Planning Authority, which coordinates the development of long-term perspective and medium term comprehensive national development plans. As evident from the national policy on EAC integration, there are sectors and agencies responsible for planning of interventions which need to work together as government in order

to identify synergies from joint planning and jointly increase benefits from coordinated interventions. Interventions identified to increase the country's competitiveness are of infrastructure nature and their successful implementation requires efforts of various sectors. Infrastructure is just one of the most critical enablers of successful regional integration. This has been demonstrated by the EAC Heads of States' biennial retreats on its development and financing. Regional infrastructure interventions are expected to attract investment into the region, improve competitiveness and promote lower cost trade. The EAC Economic Development Strategies therefore put emphasis on the important role of the sectors that relate to infrastructure, such as transportation sector, in order to facilitate trade in the region.

1.2 Principles of Meaningful Integration

A long-term vision, Vision 2050 was developed which elaborates the key principles for the integration in the region (East African Community, 2016). These include: political commitment, ownership, culture of trust and accountability, shared destiny and own resources, mind-set and paradigm change, nurturing and promoting private sector-led growth.

On political commitment, member states of the EAC are expected to take measures and actions timely that are geared towards implementation of the regional commitments through agreed specific community decisions, protocols and instruments. A process of coordinated actions to ensure policy making, ratification and implementation is also politically supported. In regard to ownership, the aspirations, and decisions made in their line were expected to be owned by the populace of the Community. This is facilitated by a process of ensuring that there is awareness about the benefits of integration and participation in the processes for enabling these to be realised. Culture of trust and accountability is a virtue to ensure effective regional transformation and is facilitated by continuous exchange between the various actors to create spaces for feedback and learning, thus enhancing trust in the functioning of Community Organs and Institutions.

A shared destiny is manifested in common goals, and financed largely through own resources, and has been evident in the commitments made by partners to embrace joint initiatives arrived at through shared prioritization for joint investment. A managed change process involves a systematic mind-set change on the way development must be approached in the region, encompassing the Pan-Africa vision, regional values and adoption of a productivity culture. Lastly, the private sector has to be nurtured because of its key role in job and wealth creation through the production and marketing of goods and services along global value chains.

1.3 The Framework for Regional Integration in East Africa—the Pillars

Economic integration is a cooperation organization adopted by at least two national economies to jointly and mutually set aside agreed sovereign rights and pursue common policies and goals in order to increase their individual pace of development. The operationalisation of economic integration is based on the economics of business, human resources and infrastructure development in order to realise development goals. The organisational mechanisms are operationalised through formal rules and institutions. Economic cooperation enhances the functioning of the economic system through the

creation of economies of scale as well as positive externalities.

The framework for integration of East African Community takes into account four key determinants of development through integration. These determinants are clustered along pillars, and include; freedom of movement of goods, services and a common external trade policy; free movement of factors of production (labour and Capital); a common currency and single monetary and foreign exchange policies; and union of partially self-governing states under a central federal government. On the side of outcomes, they result into economic growth, human development and equity in the integrated states.

In the case of the East African Community, a treaty for its establishment constitutes the primary framework for integration and it identifies the four pillars of integration namely; the customs union, the common market, the monetary union and the political federation. From the framework, it is noted that first, the adoption of common policies on product regulation, freedom of movement of goods, services and a common external trade tariff policy will lead to an increase in the volume of diverse goods and services traded by the region. Secondly, the joint contribution of the four pillars of integration is the improved quality of life of the people of East Africa; and third the implementation of coordinated investment policies and programmes will lead to increased competitiveness; value addition in production, trade and investments in the countries and the region.

The Customs Union has been in force since 2005, and is based on Article 75 of the Treaty for the Establishment of the East African Community. Under this union, EAC Partner States agreed to establish free trade on goods and services amongst themselves and agreed on a Common External Tariff (CET), whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any of the EAC Partner States. In effect, goods move freely within the EAC in full compliance with established rules of origin and with the relevant provisions of the protocol for the Union's establishment.

The objectives of the Customs Union are: (i) to further liberalise intra-regional trade in goods on the basis of mutually beneficial trade arrangements among Partner States; (ii) to promote efficiency in production within the Community; (iii) to enhance domestic, cross-border and foreign investment in the community; and (iv) to promote economic development and diversification in industrialisation in the community. Integration activities revolve around the following areas: (i) Customs administration; (ii) addressing issues concerning trade liberalisation; (iii) trade related aspects including the simplification and harmonisation of trade documentation, customs regulations and procedures; (iv) trade remedies; (v) national and joint institutional arrangements; (vi) training facilities and programmes on customs and trade; (vii) production and exchange of customs and trade statistics and information; and (viii) the promotion of exports. In order to achieve the objectives of the various pillars of integration, specific mandates, objectives and initiatives have been identified, for the key sectors.

The Common Market has been in force since 2010, and it followed the Customs Union, which became fully-fledged in January 2010. The common market makes it possible for the EAC Partner States to maintain a liberal stance towards four Freedoms of movement for all the factors of production and two

Rights between themselves, namely; the free movement of goods, persons and of labour/workers, movement of services; movement of capital; and the rights: of Establishment and residence. The key principles that govern the common market include: (i) non-discrimination of nationals of other Partner States on grounds of nationality; (ii) equal treatment to nationals of other Partner States; (iii) ensuring transparency on matters concerning the other Partner States; and (iv) share information for the smooth implementation of the Protocol.

The achievement of the above objectives was considered to be dependent on sectoral achievements (East African Community, 2018). These include: the harmonisation of agricultural policies as well as joint programmes for efficient and effective production; the promotion and enhancement of diverse sports activities and the promotion and preservation of culture; the prevention and control of communicable and non-communicable diseases and to control pandemics and epidemics of communicable and vector-borne diseases; harmonization of curricula, examination, certification and accreditation institutions; the adoption of policies and mechanisms; prevention, arrest and reversal of the effects of environmental degradation as well as management and the sustainable utilisation of natural resources; the adoption of common approaches towards the disadvantaged and marginalised groups, including women, children, the youth, the elderly and persons with disabilities; undertaking joint action towards the prevention and control of communicable and non-communicable diseases and to control pandemics and epidemics of communicable and vector-borne diseases; adoption of common policies and procedures; improving the competitiveness of the industrial sector; coordination, harmonisation and complementing transport and communications policies; improving and expanding the existing transport and communication links; the promotion of a continuous dialogue with the private sector to help create an improved business environment and enhancing investor confidence in the region; co-operation and consultations on issues pertaining to peace and security of the Partner States; collective promotion and marketing of the community as a Single Tourist Destination; and rationalisation of investments and the full use of established industries to promote efficiency in production, as well as harmonising trade policies, investment incentives and product standards.

The EAMU Protocol was adopted and signed in 2013 as a foundation for a monetary union within 10 years. This is expected to allow the EAC Partner States to progressively converge their currencies into a single currency in the Community. Prior to achieving a single currency, the EAC Partner States are expected to harmonise monetary and fiscal policies; harmonise financial, payment and settlement systems; harmonise financial accounting and reporting practices; harmonise policies and standards on statistical information; and, establish a central bank for the region. After the ratification of the common market protocol by EAC Partner States in 2010, it was envisaged that there would be phased liberalisation of trade in financial services and the elimination of restrictions on the free movement of capital by 2015 at the latest.

This is provided for under Article 5(2) of the Treaty for the Establishment of the East African Community and founded on three pillars: common foreign and security policies, good governance and effective implementation of the prior stages of regional integration. The process for attaining the political federation is supported by the heads of state resolution at their Special Summit held in 2004. After consultations by the “Wako” committee set up by the heads of state summit on Fast-Tracking the EAC Political Federation, the office of Deputy Secretary-General responsible for Political Federation was established in 2006 to coordinate this process. In 2017, after further studies, consultations and summit directives between 2006 and 2008 to facilitate fast-tracking the process, the Heads of State adopted the Political Confederation as a transitional model of the East African Political Federation. The processes of the Political Federation pillar are organised under two main sectors, namely international relations and peace and security (East African Community, 2018).

There remains a deficiency in the services the region requires to make the integration system work effectively and efficiently to achieve its objectives. Continuous effort to bridge gaps in services including the provision of information to stakeholders, at all levels of strategic decision making, planning, implementation, and reporting will eventually lead to lower costs of trade and make products competitive in international markets. There is a lot that has taken place to implement the decisions made on regional integration, but information remains scanty in providing concise track of the developments to inform further planning. Looking at Uganda’s development trajectory, there has been a deceleration in economic growth over the last five years yet during the period when the country just restored comprehensive development planning. The period when growth was slowing is also that when the services sector was leading the rest of the economy, and the productive sectors were not transforming as envisaged in the development plans and the long-term vision.

In view of the above, the following questions are critical for the EAC: what have been the main processes of EAC integration to date? what have been the outputs and outcomes of the EAC integration since its revival? what has Uganda as a participating member state achieved from regional Integration to date? Can Uganda further its benefits from this integration arrangement in view of its long-term development perspectives and the medium-term interventions?

These questions are important in order to appreciate how the services sector backed growth through trade and investment could pull the economy’s growth back to higher rates by binding responsively the agriculture and industrial sectors in development as stipulated in Uganda Vision 2040, and ensure the fundamental inputs are aligned to the opportunities presented by integration.

1.4 Objectives of This Report

The main objective of this analysis is to trace the key developments of the EAC integration in a concise manner and identify salient gaps to inform medium-term development planning.

Specifically, the paper identifies the main achievements and challenges registered by the EAC over the past 10 years; reviews Uganda’s optimism by identifying the country’s efforts to mainstream EAC integration and the benefits registered; and finally recommends measures for accelerating the benefits

of integration to Uganda in the medium to long-term.

2. Methodology

The review process involved extensive review of literature. Access to these reports was made possible by having access to library materials at the EAC headquarters in Arusha. This was supplemented by limited discussion with a few experts on the EAC integration process.

3. Results

3.1 Dynamic Scan of the Strategic Integration Environment

A lot of effort has been exerted at improving the internal and external environment for the EAC integration. A comparison of the strengths, weaknesses, opportunities and threats identified by the EAC over the last decade indicates that the community has been able to increase its strengths, weakly dealt with the weaknesses, got exposed to more opportunities, and reduced threats to its existence. Between 2010 and 2017, the EAC took steps to improve its strengths, weaknesses, opportunities and threats. The major actions taken to improve this environment are summarised in Table 2.

Table 2. Actions Taken to Improve EAC Integration Environment

Strengths	
i)	Consolidated political commitment and stability by promoting participation of the citizenry and the private sector in the integration process.
ii)	Strengthened the mandates and capacities of the regional institutions and organs and national coordination to manage effectively the pace of regional integration.
iii)	Prioritised intervention programmes for shared benefits of regional integration including efficient use of the natural resources to improve the wellbeing of East Africans.
iv)	Targeted building a regional economy to take advantage of the large regional market.
v)	Better and appropriate interventions that ensured full and efficient utilisation of the human resource base in the region in the integration process, especially while implementing the common market.
vi)	Enhanced e-business opportunities.
vii)	Strengthened joint action in pursuit of common foreign policy interests.
viii)	Built consensus on the medium-term and long-term priorities.
Weaknesses	
i)	Fast-tracked the Tripartite Arrangement.
ii)	Promoted good governance.
iii)	Created, promoted and pursued democratization and governance processes.
iv)	Formulated and operationalised a regionally shared long-term development vision and mission.

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- v) Continued the harmonisation of national and regional policies, laws and regulations in support of the common market.
 - vi) Endeavoured to improve and equitably distribute economic and social infrastructure.
 - vii) Worked on the establishment of the strong foundations for the establishment of the Monetary Union and Political Federation.
 - viii) Developed mechanisms and options for mobilizing diverse resource for effective implementation of the regional programmes.
 - ix) Deepened stakeholder representation in all matters related to the integration process.
 - x) Built and strengthened national and regional institutional capacities for speedy implementation of regional programmes.
 - xi) Continued the harmonization of policies, laws and regulations.
 - xii) Enforced the regional monitoring and evaluation framework for enhanced strategic planning, coordination and accountability mechanisms.
 - xiii) Leveraged newer technologies to enhance production and productivity.
 - xiv) Promoted research and technology.
 - xv) Developed Technical skills.
 - xvi) Institutionalize long term urban planning.
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Opportunities

- i) The EAC made use of global initiatives to design appropriate interventions, mobilise resources and expand markets for East African goods and services.
 - ii) Took advantage of the prospects of tripartite arrangement which widened the market of the Community.
 - iii) Built and promoted good relations with supportive multilateral and bi-lateral development partners to source financial resources and create an enabling environment for integrating EAC into other regional and global trade and financial institutions.
 - iv) Promoted cooperation with other regional blocs to spearhead beneficial changes in global matters that affect the region.
 - v) Took advantage of the expanded ICT capacity to promote back-office employment opportunities.
 - vi) Promoted a positive international perception of EAC region.
 - vii) Took advantage of the global optic-fibre connectivity.
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Threats

- i) Prioritised country specific flagship programmes to address differences in the economies of the Partner States to remove fears and concerns about the benefits of the Community.
 - ii) Sustained the spirit of joint pursuit of common foreign policies including negotiating as a bloc in order to strengthen the regions position and voice in the global competitive environment.
 - iii) Continuously supported regional initiatives in pursuit of peace and stability.
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- iv) Created a common approach and understanding of development and democratisation processes.
 - v) Designed and implemented strategies to minimise the impacts of global warming and environmental degradation.
 - vi) Tapped into the expertise of the Diaspora through appropriate interventions to create more attractive economic, social and political incentives to allow full participation of the diverse professionals for purposes of building the regional economies.
 - vii) The community collaborated with relevant international institutions to contain terrorism and piracy.
 - viii) Promoted the spirit of being East African and nurtured integrationist-oriented mind-sets.
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Source: EAC Secretariat—4th and 5th EAC Development Strategies.

3.2 Challenges

Strategic challenges of the EAC include: (i) delays in the harmonization of national laws that impact on the implementation of protocols and (ii) understaffing, which impacts on effectiveness and efficiency in implementation of projects and programmes. By 2017, operational challenges in the implementation of community programmes and projects included: (i) persistent delays in remittance of funds from Partner States and development partners, and (ii) limited financial resources leading to the overall budget declining yet the demand for services is increasing on the Community to deliver more and this is occasioned by reduced support from Development Partners.

The customs union faced the following challenges as at end of 2017: (i) the establishment of a Customs Authority at regional level is a long-term process that is not achievable in a five year period of a single development strategy; (ii) there have been frequent requests for stays of application that undermine the uniformity in application of the CET; (iii) low levels of customs compliance and the slow process of developing, enacting and assenting to regional laws; (iv) variance in the pace of implementation of community decisions by Partner States; and (v) continuous re-occurrence of customs-related NTBs arising from administrative and procedural processes (as presented in annex 3); (vi) inadequate resources to develop integrated ICT Systems at regional and national levels; (vii) the slow process of harmonization of domestic taxes; (viii) lack of a monitoring and evaluation tool for the Customs Union; (ix) slow pace in finalisation of the harmonization of domestic tax laws; (x) Rules of Origin are not yet aligned to the FTA; and (xi) existence of different national customs systems that hinder seamless sharing of information and integration of cross-border processes. Related to the common market, barriers have remained: (i) a number of national laws are yet to be amended to comply with the regional requirements; (ii) there are delays to the process of harmonization of systems and procedures towards a flawless single market arising from varying levels of developments across sectors and institutional frameworks by Partner States; and (iii) resolving harmonisation challenges across Partner States takes a long-time thus increasing pessimism about the realisation of Common Market.

In regard to the monetary union, challenges relate to: (i) a low reserve cover that was below the 4.5 months of import since 2013, except for Uganda and Kenya; (ii) Compliance with the fiscal deficit criterion of 3 percent of GDP (including grants) had on average been very challenging for most EAC countries, particularly Kenya, Burundi and Tanzania; (iii) statistical standards and methodologies used by Partner States to ensure robust and comparable assessment of convergence criteria remained not harmonized; (iv) the desire for each partner state to be competitive before accession to the union casts pessimism on the realisation of the timing of Union timelines; and (iii) lack of prioritisation of the formation of institutions responsible for surveillance, enforcement and compliance with the performance criteria.

There are challenges to the political federation associated with political affairs, and the peace and security sectors. There were delays in the decision-making process in regards to the matter of Political Federation owing to lack of a Sectoral Council on Political Federation by end of 2016. Albeit in 2017 it was decided that the region adopts the mode of a political confederation. The Peace and Security sector experienced challenges relating to inadequate legal and institutional frameworks, in particular relating to the spirit of Article 16 of African Union's Peace Security Council (PSC) Protocol that deals with the relationship between AU and regional economic communities (RECs). Further, there was low connectivity between the regional (EACWARN) and National Early Warning Systems, as well as other RECs' early warning systems. Lastly, the effectiveness of the Small Arms and Light Weapons (SALW) control programs was limited by inadequate capacity to monitor and timely respond to SALW inflow, and the insufficient cooperation to ensure effective law enforcement.

The road infrastructure sector was challenged by insufficient internal budgetary provisions to implement strategies; inadequate internal funding of studies and counterpart funding; lengthy procurement processes; aligning complex regional projects to national priorities; and stringent environmental laws in Partner States that causing delays some projects implementation; lengthy negotiations of provisions of regional legislation; delays in assenting to regional Bills; and change of development partners' priorities and freezing of funds for ongoing projects by the Partnership Fund.

The complexity of railway development projects and challenges in procurement processes design affected the accomplishments on infrastructure. There was equally a misalignment between regional projects and national priorities, stringent environmental laws in Partner States, which delayed implementation of some projects, yet also the high financing required for development of railways in Kenya and Uganda without appropriate PPP legislative framework and well established regulations and institutions constrained the wider participation by the private sector, thus limiting competition for the projects.

The civil aviation and airport projects faced challenges that included lack of sufficient financing for feasibility and detailed designs for priority aviation projects, yet also the intra-East African aviation market remained largely closed due to restrictive bilateral agreements. This limited the growth and development of air services in the region. ICT sector like others under infrastructure was affected by

insufficient internal budgetary provisions to implement the agreed activities, lengthy procurement processes, delays in ratification of the EAC Protocol on ICT Networks, challenges in national implementation of frameworks adopted at the EAC level such as the EAC Roaming Framework; and the freezing of funds for ongoing projects by the Partnership Fund.

In the meteorology area, delay in conclusion of the institutional review process hampered progression of certain proposed programs, such as the establishment of the East African Centre for Medium Range Weather Forecasting. There was also lack of cost recovery mechanisms for the provision of meteorological services in the Partner States, which limits available funding for modernization of meteorological services.

3.3 Risks

Like other Integration blocks, economic integration in East Africa comes with risks and rewards. Inadequate information and uncertainty are a source of such risks, which erode national self-confidence among partner states about the benefits of integrating their economies given the costs and risks. The East African Community acknowledges the existence of a number of risks. Highest on the risk scale, the EAC has identified resistance to change and consistent under-funding of the Community. Resistance to change was considered largely to be arising from the conflict between the desire for sovereignty, yet there is a rationale, as well as benefits of integration. The community has agreed to address these risks by creating more awareness, amending the treaty to give greater powers to the EAC, enforcing sanctions in accordance with treaty provisions, and enhancing community's budgeting and resource management capacity so that there is sufficient prioritisation and efficient utilization of resources. Further, the innovative identification of sustainable sources of resources is deemed critical (East African Community, 2017).

Other risks, though of lower significance include: the lack of adequate awareness of obligations under the Treaty and the functions of the Community by the East African public; fear that the Treaty amendment and proposals of EAC Organs and Institutions will not be fully effected; inadequate Staff and Equipment; dependency on donor support for core functions in the prevailing situation characterized by global economic uncertainties; fear by some institutions in partner states of ceding powers and authority to Community Organs and Institutions; political instability and conflict in the region and beyond; negative perception of the EAC by some Partner States' Civil Servants; and lack of loyalty by some of the Community Staff.

3.4 Key Objective Based Deliveries and Achievements

Assessment of the performance of the community is based on the aspiration to attain a prosperous, competitive, secure and a politically united East Africa, through widening and deepening economic, political, social and cultural integration by increasing competitiveness, value added production, enhanced trade and investment (East African Community, 2011). The community is assessed on whether it has been able to develop policies and programmes aimed at widening and deepening cooperation in political, social and cultural fields; research and technology, defence, security and legal

and judicial affairs.

Key deliverables have been made by the EAC, and here below is a presentation of some of these developments as at end of 2016/17 financial year. Below is an analysis of the achievements over time in regards the mandate of the integration arrangement, by development eras.

Attainment of sustainable growth and development of the Partner States

As a result of the efforts of the customs union, the EAC by end of 2010 was confident that there was progress with the diversification of products, improvement in market access, and business activities for the region's SMEs (East African Community, 2011). Awareness of the EAC integration agenda also increased and was estimated at about 90 percent awareness, with a 75 percent positive rating. Other areas of performance include: agreeing on a common external trade policy starting with negotiation of EPA and AGOA investment as a block; accessibility to cross-border resources and FDIs; wider stakeholder involvement and enhanced government revenues. Improvement of EAC intra-trade, estimated to have increased from US\$1,979.2 million to US\$3,339.4 million between 2006 and 2008. Exports increased from US\$1,084.9 million to US\$1,902.9 million in the same period, while imports increased from US\$874.3 million to US\$1,436.5 million. A trade surplus was registered increasing from US\$411.4 million to 466.4 million.

By 2010, the coming into force of the common market led to an increased cross border student exchange, alternative methods of mobilizing additional development resources from the stock markets, joint sporting activities including interuniversity sports, free movement of persons and labour. During the period 2011-2016, the EAC CU is credited for: the diversification of the product range, improvement in market access and business activities for the region's SMEs, increased awareness of the EAC integration agenda; a common external trade policy taking into account the needs of the European market; increased cross-border investments and resource flows, wider stakeholder involvement, and enhanced government revenues. Further, the Customs Union is credited for improving intra-EAC trade performance, when this trade increased from US\$3,339.4 million in 2008 to US\$5.38 billion in 2015. Exports increased from US\$1.903 billion in 2008 to US\$3.33 billion in 2015, while imports increased from US\$1.44 billion to US\$2.05 billion in 2015. In the period of the 4th EAC strategy (2011/12-2015/16), total intra-EAC trade increased from US\$4.7 billion to US\$5.38 billion, representing an increase of almost 13% over the Strategy period. Exports increased by 22.5% from US\$2.72 billion to US\$3.33 billion (East African Community, 2017).

Strengthening and consolidation of cooperation in agreed fields

Under the Customs Union, the community sought to liberalize and promote intra-regional trade; promote efficiency in production in response to intra-region competition among businesses, enhancement of domestic, cross border and foreign investment and promotion of industrial diversification with a view to enhance economic development. In the period 2006-2010, the community progressed with the implementation of a common external tariff, Rules of Origin and standards and gradual elimination of internal tariffs. Further in this period, there was effort to establishment key

institutions, systems, instruments, legal framework (in particular, the EAC Customs Management Act), concluded the regional Competition Act (2006), policies and strategies; promoted EAC as a single investment area and initiated common trade policy frameworks and reviews (in particular, the WTO trade policy review, FEPA, TIFA); and expansion of the membership of the community to include Rwanda and Burundi.

In the period 2011-2016, the community aimed to consolidate the benefits of a fully-fledged Customs Union through: (i) strengthening of customs administration; (ii) trade facilitation, (iii) enhancement of revenue management; (iv) promotion of customs and trade partnerships; (v) enhancing market access; (vi) trade and competitiveness including harmonisation of administrative procedures and regulations; (vii) enhancing collection and dissemination of trade information; and (viii) harmonizing Standardization, Quality Assurance, Metrology and Testing (SQMT). In this period, implementation of the Single Customs Territory commenced and it boosted the clearance of goods through a reduced turn around period, reduced documentation and enabled real-time exchange of information between Customs and other agencies. With the full rollout of the single customs territory in 2017, the rollout of other customs regimes was in progress (East African Community, 2018). The application of the electronic cargo tracking system enhanced on the Northern corridor was expected to be extended to the central corridor by April 2018 to support the implementation of the single customs territory and other trade facilitation initiatives. By 2018, a regional interconnectivity programme on customs risk and valuation management was initiated to address weaknesses in customs valuation and monitoring of goods in the region.

Further, the community promoted EAC as a single investment area and initiated the common trade policy frameworks and reviews such as the World Trade Organization (WTO), the framework Economic Partnership Agreements of the European Union (EAC-EU EPA), the tripartite free trade area agreement between the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC)-(COMESA-EAC-SADC) tripartite arrangement, and other trade and investment framework agreements. The COMESA-EAC-SADC tripartite arrangement was signed in June 2015. This is important for the rationalization of trade arrangements in Sub-Saharan Africa (East African Community, 2017).

Under the common market, having concluded the negotiation, signing and ratification of the EAC Common Market Protocol, the community was set to enhance and institutionalize guaranteed provisions in the Protocol through harmonization of policies, legal and regulatory framework and establishment of supportive institutions to facilitate private sector investments, efficient and effective service delivery and wide stakeholder involvement by 2010. By this time, the preparatory process for the implementation of the EAC Treaty resulted in the attainment of gradual currency convertibility and macro-economic convergence; adoption of common travel documents, work permits and fees for education and tourism; adoption of common negotiating frameworks; substantial progress in

harmonization of academic and professional qualifications; free movement of capital and harmonization of transport facilitating instruments.

In the period of the fourth regional strategic plan (2011-2016), the community aimed to fully implement the EAC Common Market Protocol and establish a Single Market in Financial Services. Partner states made amendments to their respective national policies, laws and regulations to conform to the Common Market Protocol. According to the Common Market Scorecard (CMS) for 2016, the EAC Partner States have implemented significant reforms to facilitate the free movement of capital, goods and services. In the case of free movement of goods, Non-Tariff Barriers (NTBs), have often emerged after tariffs are eliminated but processes for addressing them are effective. There has been a decline in the occurrence of the NTBs and an increase in the speed at which they are addressed (Note 1). With respect to the free movement of capital, three Partner States in particular Kenya, Tanzania and Uganda undertook a total of 11 reforms (between 2014 and 2016), including measures that enhanced the region's securities capacities by adding a framework for trading in derivatives in Kenya and Uganda.

Generally, according to the recent two strategic development plans, the priority interventions for the common market have been the following: approximation and harmonization of national laws, policies and systems; fast tracking institutional review; addressing imbalances; facilitating free movement of capital; facilitating free movement of services; facilitating free movement of workers; protection of cross-border investments; eliminating unfair business practices and enhancing consumer protection; research and technological development; co-operation in intellectual property rights; harmonisation of domestic taxes; enhance access to financial services; harmonisation of financial laws and regulations in tandem with agreed common standards; mutual recognition of supervisory agencies across the region; integration of financial market infrastructure; development of regional bond market; and capacity building for EAC Secretariat, regulatory agencies and market participants.

In 2017, the republics of Kenya, Rwanda and Uganda ratified the EAC double taxation agreement and the other partner states were expected to follow. This is aimed at avoiding double taxation across the partner states.

Under the monetary union, whereas the negotiations of the EAC Monetary Union (EAMU) Protocol commenced in 2010, the community gained substantial progress in regards Partner States currencies convertibility; approximation of banking rules and regulations; harmonization of fiscal and monetary policies and trading practices and regulations in the Stock Exchanges. In the period 2011-2016, the community focused on laying the foundation for the Monetary Union and adoption of a single currency.

The Protocol for its establishment was signed by the EAC Heads of State in 2013, and entered into force in 2014. The protocol covers banking, insurance, capital markets and the pension sector. Attaining and maintaining macroeconomic convergence is presumed dependent on a set of Primary and Secondary Performance Convergence Criteria to be met by 2021 so that a single currency is introduced

and then have full operation of the Monetary Union in 2024. Prior to entering the single currency in 2024, at least, three partner States should have achieved and maintained the performance convergence criteria for, at least, three consecutive years. Further, the Protocol requires each Partner State to: (i) develop a Medium-Term Convergence Programme (MTCP) to facilitate attainment of the agreed criteria, taking into account each country's economic circumstances; and also (ii) fully implement the Customs Union and Common Market Protocols to ensure sufficient trade integration and openness, labour mobility, capital mobility and exchange rate flexibility in order to make it possible to respond to economic shocks. In order to monitor and enforce convergence, the monetary union requires the establishment of the East African Monetary Institute to pave way for the regional Central Bank; the Statistics Bureau; and the Surveillance, Compliance and Enforcement Commission. The monetary Institute is expected to put in place the organizational, regulatory and logistical conditions for the conduct of a single monetary and exchange rate policy and related central banking functions in the monetary union.

The priority under the pillar of the monetary union in the period under review include the following: negotiations of the Monetary Union Protocol; research and technical preparations on introducing a common currency; harmonization of the monetary and exchange rate policies; harmonisation of Fiscal Policies; integrating banking and financial markets; establishment of legal and institutional frameworks for the implementation of the MU; surveillance mechanisms for macro-economic convergence and compatibility of economic policies and performances; enhancing cooperation in the monetary and exchange rate field; harmonization of payment and settlement systems to ensure finality; conduct civic education on implications of a single currency; and harmonisation of banking and financial sector supervision.

By end of 2016, Partner States' had initiated processes to ensure currency convertibility; harmonization of fiscal, monetary and exchange policies, banking rules and regulations, and the trading practices and regulations in the stock exchanges and financial markets. Legislative bills for the establishment of the EAC Monetary Institute and the EAC Bureau of Statistics had been developed and cleared by the Council of Ministers. The legislative bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission was awaiting technical judicial input before submission to the Council of Ministers. In the same period, a study on the financial sector regulatory and supervisory architecture was undertaken to inform the Bill for the establishment of EAC Financial Services Commission. With respect to macroeconomic convergence, in the most recent years up to 2016, annual headline inflation in all EAC Partner States (except South Sudan), was below the 8 percent criterion. With the exception of the Republic of Kenya, all the EAC countries had debt to GDP ratio below 50 percent of GDP.

In regard to the political federation, between 1999 and 2010, the community gained from the establishment of the cardinal regional institutions (such as the Parliament and Court) which were linked to national frameworks. Regional mechanisms and programmes for early warning and disaster preparedness, Conflict Prevention Management and Resolution (CPMR), refugee management,

combating proliferation of illicit small arms and light weapons were set in motion for institutionalisation. The EAC Forum of Electoral Commissions; Forum of National Human Rights Commissions; Anti-Corruption/Ombudsman agencies, and Forum of Chief Justices; the Nyerere Centre for Peace research were established. A Sectoral Council on Foreign Policy Coordination (SCFPC) was established in 2010 to facilitate handling of the sector specific interventions. By end of 2010, work on a number of protocols was ongoing, including the Protocols on combating and preventing corruption and on good governance; peace and security; and on cooperation in defence. The Protocol on foreign policy coordination was adopted by 2010 and the process of ratification has started. Full implementation of the Memorandum of Understanding on Cooperation in Defence on areas including joint trainings, military exercises, joint operations, technical cooperation, and visits/exchange programmes was also achieved by then.

In the period 2011-2016, initiatives for the political federation centred on foundational stages of the federation, particularly in five key intervention areas: (i) establishing policy frameworks and institutional structures for the establishment of the federation, (ii) strengthening regional and international relations, (iii) promotion of regional peace and security, (iv) developing research capacities on governance, international relations and peace & security, and (v) strengthening defence co-operation to promote regional peace and security. Progress was made in line with the objectives of the political federation. Among the achievements is creation of a platform for national institutions of governance to exchange information, share experiences and dialogue on policies, strategies, laws and programs with a view to developing regional standards. This was facilitated by the EAC Program on Good Governance.

The Council established a Forum of National Human Rights Institutions to facilitate the work of the Human Rights and Social Justice Sector. The forum evaluated the national constitutions and other international instruments in order to standardize and adopt best practices. Further, a Forum of Electoral Commissions was established as a regional platform for National Electoral Commissions to share experiences, challenges and best practices in organizing and conducting democratic, free, fair and credible elections. The forum aims to enhance the harmonization of democratization processes. The principles on election observation and evaluation applicable to guiding election observation in the region and promote credibility of electoral processes and outcomes; and a policy framework for the EAC Forum of Electoral Commissions were adopted.

A protocol on preventing and combating corruption was developed for adoption, established the EAC Forum of Chief Justices to contribute to policy formulation in upholding the rule of law, enhancing access to justice and building jurisprudence for the EAC; and developed the Protocol on Good Governance. The Nyerere Centre for Peace Research (NCPR) initiated a series of University Students debates aiming at promoting continuous dialogue among EAC youth and sensitizing them on the benefits and challenges of integration, and the EAC Youth Ambassadors are a product of these Students Debates.

In regard to international relations, there was conclusion of the Protocol on Privileges and Immunities of the Community, its Organs and Institutions in April 2015. This protocol was at the stage of ratification by Partner States and depositing the Instruments of Ratification by end of 2016. The community established a Sub Committee of the Sectoral Council on Foreign Policy Coordination (SCFPC) on Candidatures to facilitate joint mobilization of support for East African candidatures seeking to access jobs in the international system and to mitigate undue competition amongst East Africans.

In regard to peace and Security, the community prioritised the establishment of an enabling legal and institutional framework; implementation of the Continental African Peace and Security Architecture (APSA) Pillars that encompass development and implementation of a Conflict Prevention, Management and Resolution (CPMR) Framework; coordination and strengthening of disaster management centres; as strategic security issues, implementation of the Small Arms and Light Weapons (SALW) control programs; strengthening of joint measures to combat terrorism; development of a framework for intelligence sharing on crime management; Development of a framework for cooperation and harmonization of Policing practices in the EAC; harmonization of IDP and Refugee Management Practices across the region; development and implementation of a multi-regional maritime safety and security initiative; development of a framework for cooperation in the prisons and correctional services; and implementation of joint measures to combat cattle rustling. Accordingly, the community reviewed the MoU on Defence Cooperation that was subsequently upgraded to Defence Protocol; attained interoperability through joint training and sports; promoted defence self-sufficiency through defence research, science and technology; and made progress towards conclusion of the Mutual Defence pact.

In regard to inter-State security, the community signed the Peace and Security Protocol which was ratified in 2007 in the Partner States-envisaging the need for regional cooperation in the areas of countering terrorism, countering piracy, refugees' management, disaster management, combating genocide and genocide ideology, and general conflict prevention, management and resolution. Further, the community reviewed the EAC Peace and Security Strategy in order to evaluate new security challenges in the region and ensure that the strategy is aligned with the Peace and Security Protocol; implemented the Continental African Peace and Security Architecture (APSA) covering the development and implementation of a Conflict Prevention, Management and Resolution (CPMR) Framework; and adoption of the East African Community Early Warning Mechanism (EACWARN) framework and the corresponding indicators by the Sectoral Council on Defence, Inter-state Security and Foreign policy in 2013. The community implemented the Protocol on Combating Illicit Drug Trafficking in the East African region, and there was adoption of the recommendation of the Sectoral Council on Inter-state Security for the establishment of policies and strategies on coordination and cooperation in police, prisons, correctional services, counter-terrorism and SALW. On another note, there was endorsement of the establishment of a Summit sub-committee on emerging Peace and

Security threats, as well as the operationalization of the Directorate of Peace and Security.

In the area of Conflict Prevention, Management and Resolution (CPMR), the EAC Early Warning centre became operational in July 2013. Other achievements during the period included: the continued the coordination and cooperation between the Continental Early Warning Systems (CEWS) and EACWARN through regular technical meetings, exchange visits and technical support programs; and secured cooperation between Early Warning Systems of the EAC and those for COMESA and ECCAS. Further, there was a conclusion in 2015 of consultations on the establishment of the EAC Panel of Eminent Persons whose mandate for establish was later given by the Summit.

The other area of the political federation related to strategic security. Under this area, the Community and individual Partner States implemented the SALW control programs as outlined in the Nairobi Protocol on SALW. Partner States maintained and strengthened joint measures to combat terrorism, and Partner states continued with the counter-terrorism measures coordinated under the Defence, Police and Intelligence clusters, and took further measures in the context of the Chemical Weapons Convention. A framework for chemical Security Emergency response was set up. Further, the community set up a framework for monitoring Anti-money laundering efforts in the region; supported and trained security practitioners in Counter Terrorism; and developed a Cooperation Agreement on Countering Terrorism. On crime management, the EAC region developed a framework for intelligence sharing on crime management. As regards cooperation and harmonization of policing practices, the approval was given to the partnership with the East African Police Coordination Committee (EAPCCO) and establishment of the Policing Centres of Excellence within the EAC Partner States commencing with the operationalisation of Regional Forensic Referral Centre in the region. On multi-regional maritime safety and security initiative, the East and Southern African-Indian Ocean (ESA-IO) Maritime Security Strategy and its Action Plan were developed and their implementation commenced in April 2014 (East African Community, 2017).

Promotion of sustainable utilization of the natural resource base in the region

Environment and Natural Resources Management: The Protocol on Environment and Natural Resource Management provides for joint actions to address climate change. During the period 2006-2010, the EAC developed and harmonized regional and national policies and legislation on environment; implemented the environmental assessment guidelines for minerals and shared ecosystems; and developed the climate change policy and master plan; harmonized the policy of region with the continental level bio-safety policy; and institutionalized joint participation of EAC in International Treaties and Conventions.

Strengthening and consolidation of the long standing political, economic, social, cultural and traditional ties

Legal and Judicial Affairs: This aims at harmonizing legal training and certification and encouraging the standardization of the judgments of courts within the Community, with a view to ensuring good governance and democracy remain key to the political and economic reforms of the community. In the

period 2006 to 2010, steps were taken in the approximation and harmonization of laws and policies including establishment of embodiment of regulations on migration, commercial laws, corruption, ethics, economic crimes and judicial service reforms in each of the Partner States.

Promotion of people-centred mutual development

Health: In the period 2006-2010, the community strengthened regional cooperation and integration in the health sector through the harmonization of national policies, legislation, strategies, standards, guidelines, databases and regulatory systems. Among the policies harmonised are pharmaceutical policies, food safety and quality policies, and disease surveillance, university medical and dental schools curricula, sexual and reproductive health policies. These were geared towards enhancing provision of regional health services, cross-border disease prevention and control.

Education, Science and Technology: Effort in this sector is a means to developing human resources, and imparting appropriate skills, knowledge and attitudes. By 2010, the education sector produced a revised criteria in indemnifying Centres of Excellence, carried a study on the Regional Situation Analysis (SITAN) on the education sector response to HIV and AIDS, developed Regional strategies for a five year operational Development Plan and a Resource mobilization Strategy, conducted annual essay writing competitions, carried a Regional study on the harmonization of the EAC Education systems and training curricula, developed protocols and a bill establishing the East African Science and Technology Commission.

Labour and Immigration: By end of 2010, there had been harmonization of labour policies and legislation, procedures for issuance of entry/work permits; the adoption of the necessary legal framework for the issuance of IDs to Uganda and Tanzania nationals; and the adoption of a regional passport. Further, in the same period there was a harmonization of policies for employment creation and productivity improvement; and development of the East African Human Resource development and Utilization strategy.

Culture and Sports: This helps to diversify opportunities for the youth, by particularly enabling them to earn a living from talent, create avenues for good health, entertainment and regional cohesion. By 2010, the development of the EAC Symbols of Cultural Identity in particular, the EAC Anthem; establishment of the EAC Kiswahili Commission and the Culture and Sports Commission were recorded.

Agriculture and Food Security: In the productive sectors, the strategies are aimed at creating the requisite opportunities for enhancing the welfare of the people through improved competitiveness, regional and global integration, given their links to livelihoods and job creation. By 2010, the agriculture and food security interventions for enhancing supply capacities entailed identifying high value agricultural sub-sectors for which the region has a competitive advantage and capitalize on investments that can facilitate Partner States to transform their respective economies. In the period 2006-2010, the EAC Strategic plan on agriculture and Food Security was developed. In addition, there was harmonization of regional policies, regulations, SPS, and pest control standards; development of

regional programmes on bio-safety and biotechnology, trans-boundary disease control and emergency preparedness; formulation of special trade regime on SME cross border trade and the prioritization of the agriculture sector within African Union framework; and the strengthening of national Agriculture and Livestock institutions, including farmers, traders and processors associations.

In the period 2011-2016, the community developed the EAC Regulatory Framework and Procedures for fertilizer marketing; implemented the East African Agro-Industry and Agro-Enterprise Development Programme (E3ADP); implementation of the project on reinforcing veterinary governance in Africa (EACVETGOV); and established the North Eastern Africa Livestock Council (NEALCO) for promoting livestock and livestock products trade.

Industry and Micro, Small & Medium Enterprises (MSME) Development: The community values the development of a vibrant and robust industrial base and laying a firm foundation for industrial development in line with articles 79 and 80 of the EAC Treaty. In this regard, by 2010 the Community had drafted the EAC Industrialization Policy and Strategy. The industrialization policy and strategy is a milestone of both the EAC CU and CM Protocols with a mission of creating market driven, regionally and internationally competitive industrial sectors based on comparative and competitive advantages of Partner States. At policy level, the EAC Industrial Policy and Strategy (for the period 2010-2030) prioritizes key sectors fronting flagship industries with strong forward and backward linkages. In line with the Customs Union, the harmonization of the policy, legal and regulatory frameworks led to expanded trade and investment opportunities. By end of 2010, intra-regional trade accounted for 11 percent and cross-border investments increased from US\$ 265,000 in 2006 and US\$ 750,000 in 2009. Further, the community developed a framework for fostering cooperation in technology acquisition, development, transfer; and commercialization of innovations; IP frameworks; formulated a framework for mainstreaming cleaner and resource efficient production in industries; and in collaboration with UNIDO, developed a programme on upgrading and modernization of the SME businesses in the region. Whereas in the period 2011-2016 the community formulated a policy, developed the Industrialisation Action Plan, and established the EAC Sectoral Committee on Industrialization and SMEs Development, there were no funds to implement the action plan.

Tourism and Wildlife: The community aimed at contributing to maximization of benefits from sustainable tourism and wildlife resources. As early as 2007, the community had completed the Protocol on Tourism and Wildlife Management, the Tourism Marketing Plan and Strategy. This paved way for the promotion of the region as a single tourism and wildlife destination including joint participation in at the World Travel Markets (WTM). While there is significant private sector investments in hotels, transportation, marketing and product development, government dedicates its efforts on conservation. Further, the community developed standard criteria for the classification of hotels and other facilities, and identified three Centres of Excellence. In addition, a Protocol and Operational Manual were put in place. This led to an overall increase in tourists visiting EAC from 3.030 million in 2006 to 3.408 million in 2008.

Infrastructure Development: The development of adequate and reliable supporting infrastructure in transport and communications aims to further physical cohesion of the Community. The community has intervened in the improvement and expansion of the existing transport and communication links as well as the establishment of new ones as a means. The main objective of road development is the improvement of connectivity and operations across the region to facilitate business and encourage investment at national and regional level. In the period 2006-2010, the community established road agencies and the road funds, constructed flagship projects for Arusha-Namanga-Athi River Road, and prepared the EAC Transport Strategy and Road Sector Development Programme. Further, the community developed a framework for harmonization of policies and regulations in the road sector, established a one stop border post at Namanga operating on a 24-hour basis, and prioritized key regional roads within national programmes. The community further incorporated the road projects for Rwanda and Burundi in the regional road network.

In the period 2011-2016, the community recorded a number of achievements. Among these is the finalization of feasibility studies and detailed designs for several road networks; completion of construction of eight One Stop Border Posts (OSBPs) and construction of several others was still on-going; preparation of the EAC Vehicle Load Control Act 2013 and the EAC Vehicle Load Control Regulations 2016; preparation of the EAC One Stop Border Posts Act 2013, the EAC One Stop Border Posts Regulations, 2016 and the EAC OSBPs Operations Manual; preparation of harmonized regional training curricula for long distance commercial drivers; holding of the 2nd and 3rd Retreats of EAC Heads of State on infrastructure development and financing (2012 and 2014); finalization the EAC Transport Strategy and the Road Sector Development Programme (2012-2022); and lastly finalization of the EAC Transport Facilitation Strategy (BICO study).

In regard to the **railways**, the improvement of railway transport aims to maximize benefits from an efficient railways system. By end of 2010, Partner States had reached different stages of restructuring the railways infrastructure. The community restructured the railways services through concession processes, prepared the EAC Railways Master Plan which was then complemented by national plans; undertook studies on a new railway line linking the port of Dares Salaam to Burundi and Rwanda; and initiated studies to modernize the existing railway network. In the period 2011-2016, the railways subsector established a Railway Development Fund and a Railway Infrastructure Fund. Preliminary design of railway links along the Central and Northern Corridors; and work towards establishment of an EAC Railways Regulatory Agency was undertaken.

Initiatives in the **Maritime and Inland Waterways** Transport address the need to have safe and secure maritime operations in the region. By 2010, these initiatives contributed to the reduction of cargo dwell time at the sea ports. The community established the Lake Victoria Basin Commission (LVBC) to manage transport on the Lake Victoria, prepared an Inland Waterways Transport Agreement, developed a Protocol for Sustainable Development of the Lake Victoria Basin, and enhanced capacity of the national maritime institutions. During the period 2011-2016, the community registered progress

on: building of a reform consensus for integrated corridor development in the EAC, with a strategy and action plan put in place for Inter-modal Development; commencement of implementation of the Integrated Corridor Development Initiative—Lake Victoria Transport Program with support from the World Bank; sensitization of stakeholders in EAC on the requirements by the International Maritime Organization (IMO) on container weight verification for export containers, pursuant to the amendment to the International Convention on Safety of Life at Sea (SOLAS); and the establishment of a working group on maritime safety and development of the Joint EAC Maritime Search and Rescue Exercises Framework.

Civil Aviation and Airports initiatives contribute to enhancing regional connectivity. In the period 2006-2010, the community made easing flight connectivity within the region and the rest of the world; established and operationalized the East African Civil Aviation Safety and Security Oversight Organization (CASSOA); initiated the liberalisation of civil aviation activities and harmonization of the EAC Civil Aviation Regulations. Further, the community developed the Search and Rescue Agreement; made preparations for the establishment of the Unified Upper Flight Information Region (UFIR); implemented the Global Navigation Satellite System (GNSS) for selected EAC Airports; and developed a 5-year plan of Priority Airports in the region. During the period 2011-2016, the community completed the Feasibility Study and a Roadmap for the establishment of the EAC Unified Flight Information Region (UFIR), developed the EAC Regulations for Liberalization of Air Transport Services, developed a multilateral agreement option for handling the regional Aircraft Accidents and Incidents Investigations, developed the Roadmap for Operationalization of the EAC Agreement on Aviation Search and Rescue; and developed the work programme for the Implementation of the Satellite Based Augmentation System (SBAS) or Global Navigation Satellite System (GNSS).

Energy development is prioritized in line with Article 101 of the treaty relating to the promotion of efficient exploitation and utilization of various energy sources, with priority focus on green energy, geothermal electricity and hydro-power generation. Improved access to energy sources especially electricity is expected to improve human development conditions by easing provision of water, improving industrial and agricultural productivity, making better health and education conditions and environmental sustainability. In this regard, the 4th EAC development strategy identified under the energy priority, the need to increase access to sufficient, reliable, affordable and environmentally friendly energy resources in the region. The plan identified interventions relating to: (i) implementation of the regional strategy on scaling up access to modern energy services; (ii) implementation of the cross border interconnection power projects; (iii) harmonization of energy policies and plans; (iv) preparation of sectoral energy master plans; (v) establishment of the East African Community Power Pool (EACPP); (vi) holding of the biannual East African Petroleum and Exhibition conference in the region; (vii) implementation of the Oil Pipeline projects; and (viii) implementation of regional shared energy projects. By end of the period of the plan 2011-2016, energy sector had established the Centre of Excellence for EAC Renewable Energy and Energy Efficiency and launched in 2016 at Makerere

University—Kampala. Further, the community developed the Power Master Plan and developed Market rules and operational guidelines under the Eastern Africa Power Pool (EAPP), and the establishment of the Independent Regulatory Board under the EAPP.

In regard to **meteorology**, the application of weather, climate and hydrological information and related services helps improve the safety and well-being of people and reduces damage to property, reduces poverty, improves safety of the transport sector and helps in monitoring and protecting the environment for future generations. Meteorological services are expected to contribute to disaster risk reduction. Meteorological services facilitate operations of air navigation, ocean and maritime services navigation, coastal shipping, inland waterways transport and issuing of warning against cyclone and other adverse weather conditions. Initiatives in this area over the period 2006-2010 included the harmonization of meteorological policies, development of a common policy for data exchange, enhancement of capacities of meteorological services in support of sustainable development, establishment of the East African Meteorological Society, preparation of an agreement on a cost recovery strategy, the development of a quality management framework for aeronautical meteorological services, and the development of a Climate Change Master Plan.

In the period 2011-2016, the community reviewed the 5-Year Meteorological Development Plan and Investment Strategy (2006-2010) and developed the Plan and Strategy for the period 2013-2018, which incorporated the Meteorological priorities of Burundi and Rwanda. It developed the EAC Protocol on Cooperation in Meteorological Services; developed the EAC Meteorological Data Policy and the Draft Constitution of the East African Meteorological Society. Further in this period, the community developed the Numerical Weather Prediction Strategy, established well-equipped Numerical Weather Prediction Units at the National Meteorological Services, commenced meteorological Data rescue and digitization in Partner states, and completed the feasibility study for the project of enhancing safety of navigation on Lake Victoria for efficient utilization of the lake and its basin by strengthening meteorological services over the lake. There was also development of the EAC Climate Change Master Plan; implementation of Quality Management System for aeronautical meteorological services; and implemented the pilot project for severe weather.

In regard to information technology and communication (telecommunication, postal services broadcasting, internet services and information technology) the community is aiming to integrate ICT into the regional development. The community developed a regional framework for harmonization of ICT policies and regulations, deployed the submarine cable networks to improve international connectivity, the preparation of a detailed feasibility study for the establishment of cross-border broadband networks, developed a regional legal framework for Cyber laws, prepared a roadmap for the smooth transition from analog to digital broadcasting, and developed a strategy to reform the postal sub-sector. During the period 2011-2016, the community concluded the EAC Protocol for ICT Networks; adopted the EAC Roaming Framework; implemented the Backbone broadband networks in all Partner States; implemented the cross-border broadband interconnections at common borders,

particularly: Malaba (Uganda/Kenya); Namanga (Kenya/Tanzania); Isebania/Sirare (Kenya/Tanzania); Mutukula (Tanzania/Uganda); Rusumo (Tanzania/Rwanda); Kobero/Kabanga (Burundi/Tanzania); Gashenyi/Nemba (Rwanda/Burundi); and Katuna/Gatuna (Uganda/Rwanda). Further, the community adopted the EAC Roadmap for digital broadcast migration, with three countries (Kenya, Rwanda and Tanzania) meeting the 2015 deadline for complete digital migration.

Promotion of peace, security and stability

Within the framework of the fourth pillar of the EAC integration, a lot has been achieved in regards this objective. As discussed above, priorities included the enabling legal and institutional framework; inter-State security; Conflict Prevention, Management and Resolution (CPMR), and the areas of the political federation related to strategic security. The details are already discussed under the review of the strengthening and consolidation of cooperation in agreed fields.

Enhancement and strengthening of partnerships with the private sector and civil society

Investment Promotion and Private Sector Development: During the period 2006-2010, the main achievement on investment promotion and private Sector development was the development of the regional Strategy. Thereafter, Partner State put in place measures to enhance the participation of private sector in development. Investments to the EAC region have improved significantly observing from the FDI inflows to the EAC region which increased from US\$1,323 billion in 2006 to US\$1,714 billion in 2009. The stock of FDI also increased in that period from US\$9.33 billion in 2006 to US\$14.866 billion in 2009.

Mainstreaming of gender in all its endeavours among others

Gender, Community Development and Empowerment: Mainstreaming gender and community development issues in the EAC policies, strategies and programmes is expected to contribute to the attainment of sustainable economic growth and human development. In the period 2006-2010, there was a laying of the foundation for an EAC Social Development Framework; policies for youth and people with disabilities; strategic plans for youth, gender, children, community development and social protection; regular evaluation of the attainment of MDGs in the EAC; and the implementation of a multispectral approach of social development.

3.5 Overall Rating of the East African Integration Status, 2017

EAC is the highest performing REC on Trade integration in Africa. Using the comparisons of average scores by REC on Trade integration based on the African integration index, of the five dimensions, trade integration has the highest score overall among RECs with a 0.55 average, on a scale of zero to one. Uganda is second to Kenya in this assessment. Overall the region's performance has been above average on account of trade integration and free movement of persons. Financial integration presents the greatest remaining challenge in the integration, followed by infrastructure.

Table 3. Africa Integration Index for EAC by Dimensions, 2017

Country	Country Rank	Trade Integration	Regional Infrastructure	Productive Integration	Free Movement of Persons	Financial Integration
Kenya	0.66	1	0.44	0.84	0.8	0.2
Uganda	0.58	0.94	0.48	0.73	0.7	0.05
Rwanda	0.55	0.69	0.37	0.41	0.8	0.5
Average	0.54	0.78	0.5	0.55	0.72	0.16
Burundi	0.48	0.5	0.84	0.33	0.7	0.03
Tanzania, U.R.	0.43	0.78	0.36	0.45	0.58	0

Source: Integrate-Africa (2018).

4. Discussion

Uganda's commitment to economic integration in Africa cannot be over emphasized when the government over time has underscored the issue of fragmented markets, market access and expansion as one of the strategic issues for Africa (Museveni, 2016). There is search for a market to absorb what the private and traditional sectors produce, and stimulate further production in the economy. Uganda's population currently about 37 million, is not enough, but with EAC integration, the market is bigger with about 145 million people. This market enlarges further with the Tripartite Free Trade Area (TFTA) arrangement of EAC, COMESA and SADC close to about 625million and 26 countries. This was reiterated by the President of the republic of Uganda at the 19th Summit of the heads of State in 2018, adding the role it will play in boosting partners' joint bargaining power in the global markets.

4.1 Why Uganda Has Embraced EAC Integration

Economic integration is expected to facilitate the transformation of the Ugandan Society from a peasant to a modern and prosperous country when the citizens maximize benefits accruing from EAC Integration. In order to facilitate Ugandans gain market access and Ugandan firms become competitive government of Uganda developed the national policy on EAC integration. EAC integration is also facilitating improved joint decision making and collaboration. This joint decision making and collaboration enhances the attainment of peace as constructive dialogue helps in resolving conflict thus becoming a deterring to violent conflicts between the integrated nations. The EAC integration policy promotes peace within Uganda as a requisite for the development of the people; and promotes economic, social and political stability as necessities for poverty reduction and development.

EAC integration implies lower barriers to trade for Ugandans, and the increase in trade will result in their increased well-being. Increased demand due to lower cost of production and consumption is expected to create greater demand for factors of production, leading to an increase employment. Increase in intra-trade with in the region will lead to higher production in agriculture and industry.

The main elements namely market access, competitiveness, and joint decision making and collaboration cut across seventeen (17) areas of cooperation, namely: trade liberalization and development; industry and investment; agriculture and food security; energy; minerals; transport infrastructure; information communication technology; tourism; business services; financial services; education and training; health; labour and employment; gender, youth and persons with disability; environment and natural resources; peace and security; and governance (Republic of Uganda, 2015).

Ugandans expectations regarding benefits from the Integration of EAC are observed across a wide range of areas, though not limited to the following: a significant increase in the country's share of the EAC regional trade in order to create wealth and employment; improvement in the competitiveness of the country's industrial sector within the EAC region and the contribution to the structural transformation of the economy; increased national share of EAC regional agricultural trade and its contribution to food security and national agricultural production; adequate and affordable access to modern energy by all Ugandans sustainable manner; the development of an efficient, competitive, and sustainable minerals sector; Increased integration into regional and global markets through increased, efficient and least-cost connectivity; a developed, popular and competitive tourism sector integrated within in the EAC development programme; an enabling local environment for the development of a well-regulated, and vibrant, business services sector able to compete effectively within the EAC region; a financial sector that is fully integrated with financial sectors of the other EAC Partner States in order to achieve monetary stability; the country's health system is integrated, efficient and attractive to citizens of other member countries; improved competitiveness of Ugandan labour, generating decent employment for all women and men in conditions of freedom, equity, security and human dignity; meaningful participation of the country's special interest groups; popular development activities and measures that will ensure a clean and health environment and sustainable exploitation of Uganda's natural resources; peace and security is popular and consolidate through constitutionalism and reinforcement of better policy, legal and institutional reforms and increased capacity of Uganda to promote peace in the region through good neighbourliness; and attainment of political, social and economic stability. A facilitating factor for the attainment of the benefits of integration is the utilisation of education as an engine of EAC integration.

Before assessing the extent to which Uganda is performing against the above expectations, it is important to evaluate the state of economic integration that the country has attained on the basis of the Africa Regional Integration Index (Integrate-Africa, 2016). This index is five dimensional and the indicators are based on the Abuja Treaty and its operational framework. These dimensions are: regional infrastructure (the connections made by road, by air or by airwaves have an important impact on Africa's integration), trade integration (when trade flows are faster and more cost-effective, business and consumers in the regions benefit), productive integration (making production work better for the continent across different sectors, by being part of regional and global value chains), free movements of people (getting people to move freely across Africa represents a powerful boost to economic growth

and skills development), financial and macroeconomic integration (when capital flows freely across Africa, investment increases and finance is allocated where it can generate the most productivity).

4.2 Analysis of Uganda's Performance of Integration

In regard to free movement of persons, Uganda allows nationals of all other African countries to either enter without a visa or obtain a visa on arrival. Uganda has ratified the relevant East African Community instrument on the free movement of persons, and is yet to ratify that of the COMESA. The country is ranked joint-third in East African Community and second in the Common Market for Eastern and Southern Africa. On trade integration, Uganda is the second best in the East African Community and fifth in COMESA because of progress made in removing tariff barriers to imports from other countries that belong to the same regional economic communities. In addition to applying zero tariffs to imports from other member countries, it applies a low average tariff of 0.68 percent to imports from COMESA. By 2015, Uganda applied the lowest average tariffs on imports from IGAD countries, at 0.1 percent.

In regard to productive integration, the country's trade complements that of the other countries that belong to the same regional economic communities, indicating that it may be specializing to fit into regional value chains. In 2013, Uganda had the second highest share of exports of intermediate and capital goods to other East African Community countries, at approximately 1 percent of GDP, behind only Kenya (see current status from UNCTAD). On infrastructure, the country's Internet bandwidth of 0.8 megabits per second per person in 2013 ranked it twentieth on the continent. Uganda's net electricity production capacity per capacity could be enhanced.

Table 4. The Dimensions and Indicators of the Africa Regional Integration Index

Dimension	Indicator	Country Performance				
		UG	KY	TZ	RW	BR
Infrastructure Development Index	i. Transport					
	ii. Electricity					
	iii. ICT					
	iv. Water and Sanitation					
	v. Proportion of intra-regional flights (%) - AFRAA 2014	0.61	0.63	0.78	0.57	0.84
	vi. Total regional electricity trade (net) per capita	-0.77	-0.04	0.75	4.55	6.7
	vii. Average cost of roaming (USD/min) - 2014	0.23	0.34	0.28	0.49	0.21
Trade Integration	i. Level of customs duties on imports (%) - 2014	33.6	33.8	54.8	33.5	50.0
	ii. Share of intra-regional goods exports (% GDP)	0.022	0.022	0.008	0.018	0.004
	iii. Share of intra-regional goods imports (% GDP)	0.037	0.007	0.011	0.098	0.092
	iv. Share of total Intra-regional goods trade (%)	0.304	0.307	0.172	0.170	0.047

Dimension	Indicator	Country Performance				
		UG	KY	TZ	RW	BR
Productive Integration	i. Share of intra-regional intermediate goods exports (% total intra-regional exports goods)	0.300	0.196	0.361	0.072	0.087
	ii. Share of intra-regional intermediate goods imports (% total intra-regional imports goods)	0.137	0.241	0.127	0.253	0.192
	iii. Merchandise Trade Complementarity Index (Note 3)-UNCTAD, 2015	0.312	0.348	0.220	0.170	0.230
Free Movement of People	i. Ratification (or not) of REC protocol on free movement of persons-UNECA, 2015	0.33	0.50	0.00	0.33	0.00
	ii. Proportion of REC member countries that are members whose nationals do not require a visa for entry	0.0	0.0	0.0	0.0	0.25
	iii. Proportion of REC member countries whose nationals are issued with a visa on arrival					
Financial & Macroeconomic Integration	i. Regional convertibility of national currencies-2016	0	0	0	0	0
	ii. Inflation rate differential (based on the Harmonized Consumer Price Index) (Note 4)	4.8	5.7	7.9	4.2	7.9

Note. UG=Uganda; KY=Kenya; TZ=Tanzania; RW=Rwanda; BR=Burundi.

Data Source: Integrate-Africa (2018).

4.2.1 Comparative Advantage

Country Similarities

There are key questions in explaining comparative advantage although other differences may be a result of policy when it comes to the cost of resource endowments or even traded products, arising from tax, transportation and insurance cover. These relate to whether Uganda produces anything more efficiently than other East African Countries such that it would gain more from specializing in it to trade best with other nation; and whether Uganda has better technology over the other EAC members, or the difference is in abundance of natural resources. Advantages may arise from abundance of either primary or intermediate input, the use of better technology and production on larger scale (Shinyekwa & Othieno, 2011). The analysis by Shinyekwa and Othieno (2011) identified the commodities where Uganda has comparative advantage over the other EAC partner states; which would increase intra-regional trade to increase Uganda's benefits to EAC integration. The list they produced includes agricultural products with limited processing exported to Kenya; fresh and processed agricultural products, chemical products, industrial products made out of steel and iron, and petroleum by-products

exported to Rwanda; foods and livestock, tobacco, petroleum products, chemical products, a range of plastic products, and some products of iron and steel exported to Tanzania; and foods, cement, chemical products, petroleum products, plastic products, wood products, stationery, and articles of steel and iron exported to Burundi, as constituting the areas of Uganda's revealed comparative advantage in the EAC. Elimination of tariffs boosted trade among the EAC partner states and by 2009 Uganda had advantage over the EAC partner states in 41 (Kenya), 103 (Rwanda), 48 (Tanzania), and 86 (Burundi) commodities. There are a lot of similarities in the EAC region in regards endowments however, and value addition would be a key ingredient to maintaining Uganda's benefits from trade. The diversification of the export basket and facilitating value addition to traditional exports is seen as a means to increase Uganda's export demand beyond east Africa, to the COMESA for instance (Katunze & Kuteesa, 2016). By 2014, the country maintained the revealed comparative advantage across industries particularly; animals, vegetables, food production, wood, textiles & cloth, stone & glass and metals for the COMESA region which excludes only Tanzania of the EAC states, but includes Democratic Republic of Congo (DRC) and Sudan the other key Ugandan neighbours with a large market size.

Table 5. Uganda's Revealed Comparative Advantage by Industry in the COMESA Region, 2014

Product description	Symmetric Index (SI)	Rank (Note 5)
Chemicals	0.81	1
Vegetables	0.81	2
Miscellaneous	0.8	3
Stone & Glass	0.8	4
Animal	0.8	5
Metals	0.8	6
Transport	0.8	7
Text Cloth	0.79	8
Food prod	0.78	9
Mechanics and Electronics	0.78	10
Plastics	0.78	11
Wood	0.77	12
Fuels	0.76	13
Foot wear	0.75	14
Minerals	0.73	15
Hide & skin	0.72	16

Source: Katunze & Kuteesa (2016).

Market Size

The market size of the EAC has been estimated roughly by the aggregate of the population of the member states. Using this yardstick, the population of the EAC was about 168 million in 2016 although the United Nations and World Bank databases over estimate it to be 186 million (Table 6). This population commanded about US\$ 140.2 billion GDP as of 2016 in 2010 prices, and overall imports accounting to US\$38.6 billion at 2016 prices. Considering Uganda's trade, that is exports and imports together within the region, the total trade with the EAC increased from US\$201.91 million to US\$ 1,977 million in 2016/17. The average GDP per capita in 2016 was US\$835. Uganda stands to benefit from the import bill of about US\$32.1 billion which the rest of EAC imports. The import bill of the rest for the EAC from Uganda was USD 1.26 billion in 2016/17, up from 0.20 billion in 1999/2000 when the customs union was established.

Table 6. Analysis of Market Size Targeted by Uganda in the EAC, 2016

Partner State	Projected Population (Millions)		GDP Per capita (Constant 2010 USD)	Total Imports (Current USD Millions) (Note 6, Note 7)	
<i>Data Source</i>	<i>UNFPA</i>	<i>Bureau of Statistics</i>	<i>World Bank</i>	<i>World Bank</i>	<i>Bureau of Statistics</i>
Uganda	42.9	37.0	662	6,896	6,404
Tanzania	57.3	50.9	867	10,705	8,087
Kenya	49.7	45.8	1,143	16,475	14,106
Rwanda	12.2	11.6	738	2,777	3,162
Burundi	10.9	10.1	218	960	742
South Sudan	12.6	11.4	745	5,964	5,964
Total	185.6	167.9	835	43,777	38,465

Source: UNFPA, 2018; World Bank, 2018; National Statistical Bureaus 2018; Own Computations.

4.2.2 Investment Promotion and Coordination

EAC integration has facilitated the promotion of and the coordination investments to increase competitiveness and take also advantage of the opportunities in the region and Uganda in particular. Investor surveys indicate that the EAC has contributed to the increase in investment in Uganda. This is done through the promotion of investment partnerships with agencies targeting regional blocs where the country has attracted most private investment and at the same time, acted as investors' market destination. The EAC has offered investment and exports opportunities to boost the country's foreign exchange inflows. Member states have marketed the region collectively as an investment destination and pursued reforms in investment procedures, regulatory and facilitation (Republic of Uganda, 2012).

Table 7. Foreign Direct Investment in Uganda by Source, 1991-2015/16

1991-1999		2005		2015/16	
Source	US\$ Million	Source	US\$ Million	Source	US\$ Million
United Kingdom	0.41	India	37.50	China	126.87
Kenya	0.18	Denmark	36.00	Kenya	90.58
India	0.11	Tanzania	32.00	Sudan	76.35
Canada	0.20	UK	28.00	Norway	64.95
United States	0.17	Kenya	27.90	India	46.93
South Africa	0.14	China	25.90	Bermuda	38.99
Sweden	0.04	Pakistan	24.90	Sri Lanka	30.56
Korea, Republic	0.02	Sudan	14.00	Mauritius	28.39
Denmark	0.01	Korea	13.50	Denmark	20.40
Tanzania		Canada	10.70	France	19.14
Others	1.14	others	56.79	others	158.59
TOTAL	2.42	Total	307.19	307.19	701.76
				o/w Rwanda	2.90
				o/w South Sudan	0.30

Source: Republic of Uganda, 2017.

4.2.3 Trade Promotion

The introduction of the single customs territory had led to great benefits to Uganda. Goods clearance time, in Uganda has reduced from 18 days to 3 days for goods to move from Mombasa to Kampala (East African Community, 2015). There has been a reduction of declaration points, and cost of US\$ 60 per declaration, from hitherto five to one, while bulk declarations have decreased by 92 percent. The volume of trade has consequently increased from US\$ 201.91 million in the year 1999/2000 to US\$ 1,977.34 million in 2016/2017 (Table 8).

Table 8. Evolution of Uganda's Trade with the EAC Partner States (US\$, Millions)

Partner State	1999/00	2004/05	2009/10	2014/15	2016/17
Kenya	177.32	576.76	733.49	1,089.85	1,058.67
South Sudan	-	6.18	375.06	424.08	339.76
Tanzania	14.70	22.82	158.78	131.41	291.30
Rwanda	8.27	29.69	148.12	263.05	197.87
Burundi	1.63	20.42	65.43	51.41	89.74
Total	201.91	655.86	1,480.89	1,959.82	1,977.34

Source of Data: Bank of Uganda.

In the area of trade, Uganda has cautiously stood with her partner states in joint negotiations with the rest of the world to gain access to larger markets such as the European Union and the United States. In this case the EU-EPA negotiations and the AGOA arrangement are yet to benefit the country. Uganda has not yet signed the EPA due to lack of consensus in the region, despite the conclusion of the negotiations in 2014. By 2017 the EAC still has unresolved issues with the agreement, most fears being on the likely effect on the region's industrialisation in future. The issues that EAC and Uganda in particular is party to which the EU needed to address regard strategic industrial development, the denunciation process, development agenda, the rendezvous, joint declaration, and domestic support. From the agreement nevertheless, the imports from Europe of capital nature (raw materials) which currently attract 65 percent tax would be zero rated. While this leads to industrial development, could lead to loss of tax revenue from imports.

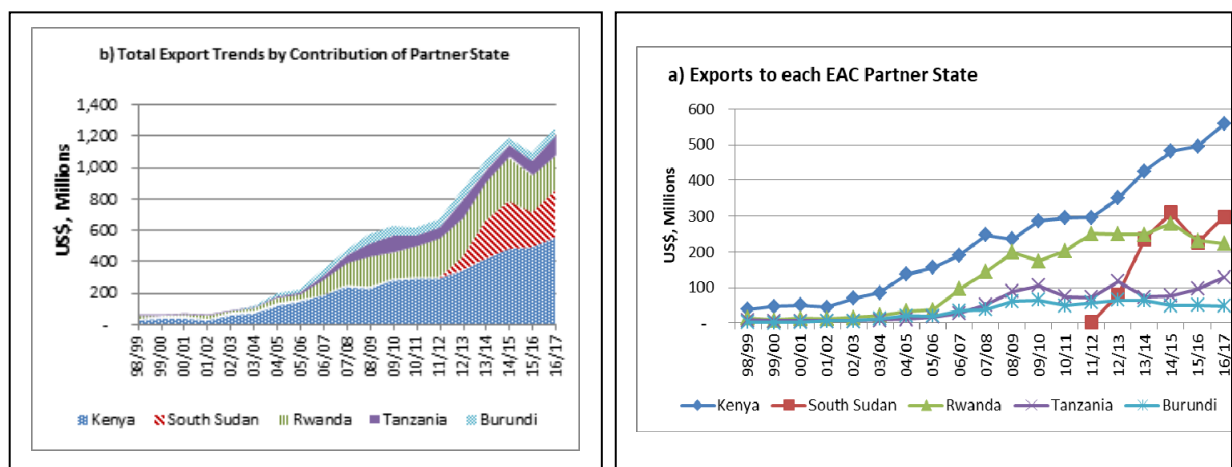


Figure 1. Uganda's Total Export Trends by Contribution of Destination Partner State, 1999-2017

Data Source: BoU 2018.

4.2.4 Research and Technology Advancement

Research and development in respect of the EAC is cross cutting and is highlighted across various thematic areas of economic development. The EAC treaty objectives provide for the Community to develop policies and programmes aimed at widening and deepening co-operation among the Partner States in research and technology among other areas, for their mutual benefit. The national integration policy for Uganda also recognises technology as a facilitator of the improvement in productivity and may be accessed through international trade, among other ways.

Uganda needs cooperation in research and technology because its industrial and manufacturing output is heavily concentrated on low technology products such as foods and beverages, leather and footwear, textiles and clothing and metal works. This is why the National Industrial Sector Strategic Plan (NISSP) 2010/11-2014/15 prioritised the encouragement of knowledge-based industries such as ICT, call centres, and pharmaceuticals to exploit knowledge in science, technology and innovation. Uganda's

department for Industry and Technology and its affiliated institutions continues to take lead in a number of areas. These include: the designing, developing and facilitating appropriate technologies for small-scale industries (Jua Kali). The Uganda Industrial Research Institute (UIRI), Uganda National Council of Science and Technology (UNCST), and UNBS are other agencies directly involved in many aspects of industrialisation including technology development.

Key developments that Uganda has benefitted from in the areas of research and technology advancement include:

a. Falling prices for Information and Communications Technology (ICT) in the region and higher penetration in both mobile telephony and broadband internet due to the installation of broadband ICT infrastructure, connecting the region to the rest of the world.

b. Development of a regional health policy, which among other things which enables the country to identify priority National Health Sector Investment Projects that would be implemented within the EAC framework.

c. Uganda benefitted from the African Development Bank (AfDB) funding for the establishment and operationalisation of the EA Oncology Institute in 2014. This was part of a USD 98.22 Million loan for four Multi-national EAC Regional Centres of Excellence (CoE) for Skills and Tertiary Education in Higher Medical and Health Sciences Education, Health Services and Research Program. The other centres supported in EAC include: the EA Kidney Institute (EAKI) in Kenya, the EA Heart Institute (EAHI) in the United Republic of Tanzania, and the EA Biomedical Engineering and e-Health Institute in the Republic of Rwanda. Other projects of a similar nature include: the EAC Regional Nutritional Sciences Institute (EACNSI) for which funding was sought AfDB in 2015 and the EAC Regional Centre of Excellence (RCE) for Vaccines, Immunization and Health Supply Chain Management in 2016 at a cost of 10 Million Euros financial grant from the German Development Bank (KfW), both in the Republic of Rwanda. Students admitted in the EAC Centres of Excellence from other Partner States will pay the same tuition fees as citizens of the host country, in line with the directive of the 35th EAC Council of Ministers.

d. There is ongoing collaboration among EAC states, WHO, the US Centres for Disease Control and Prevention and the Microsoft Corporation in the East Africa Public Health Laboratory Network Project (EAPHLNP) which also contributes to the strengthening of the East African Integrated Disease Surveillance Network (EAIDSNet). Multi-disciplinary Cross border meetings of the EAC Secretariat with support from EAPHLN have been convened at Busia as has been the case with other border areas such as Kigoma, Serengeti and Namanga to review disease surveillance systems in the areas over the past 10 months. The health screening form and procedures at Points of Entry/Exit in EAC are meant to have been standardized by June 2017.

e. The community is working on the enhancement of Capacity of Peripheral Laboratories to Support Surveillance and Management of Cancer and Anti-Microbial Resistance in the region. In

this regard, capacity needs have been established Partner States' participating laboratories and an action plan based on the WHO Global Action Plan is under way.

f. In regard to collaboration on matters of medicines, food safety and health technologies, Uganda is one of the countries that had not though the NMRA/NDA to expedite the adoption of ISO 9001: 2015 and incorporate all requirements into organizational QMS and attainment of ISO 9001:2015 certification by 30th June 2017.

g. The region is implementing a project on Harmonization and Strengthening of Regional Pharmacovigilance and Post Marketing Surveillance Systems in the EAC. In this regard, a tool has been developed to assess Pharmacovigilance (PV) systems in EAC Partner States, the regional post marketing surveillance guidelines, and EAC PV policy framework and minimum requirements for PV systems. Further, the country will benefit from a regional strategy to combat SSFMC medical products in the region focusing on prevention, detection and response in line with WHO Plan, which is expected to have been in place by the EAC Secretariat by end of 2017.

h. The EAC operationalized the "EAC-Sida Integrated Health Programme (2016-2020)" effective October 2016. Prior to this, the EAC regional HIV and AIDS programme and the Open Health Initiative for improving Reproductive Maternal New-born Child and Adolescent Health had been under implementation until 2016. Since then, the EAC Integrated Health Programme (EIHP) to sustain actions and results attained under the two Programmes was approved.

i. In the areas of reproductive, child, adolescent health and nutrition, the community is implementing the integrated EAC Reproductive Maternal New-born Child and Adolescent Health Policy (RMNCAH) Guideline (2016-2030) and Strategic Plan (2016-2021).

j. Since 2016, the country has benefited from the EAC Regional Integrated Population, Health and Environment (PHE) Strategic Plan (2016-2021) and the region is zoned into 45 National Statistical and PHE Coordination Zones to facilitate coordination.

4.2.5 Mainstreaming National and Regional Plans

The EAC Vision 2050 provides guidance on the aspirations of the region, which are amplified in the regional strategic plans for the medium term. On the basis of these frameworks, Uganda has a national policy for EAC integration which further guides on the national priorities which various sectors, ministries and MDAs need to prioritise in the local frameworks.

4.2.5.1 The Regional Medium Term Objectives and Priorities

The 5th development strategy for EAC aims to achieve eleven objectives to be attained over the period 2016/17-2020/21. These objectives include:

(i) accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors—with emphasis on rural development, agriculture, fisheries, livestock, food and nutrition security, and high value industrialization;

(ii) investing in enhancement of the stock and quality of multi-dimensional strategic

infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness;

(iii) strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socio-economic services—with emphasis on enhancing human capital development, gainful employment and decent work, health status, as well as overall welfare of the people of East Africa.

(iv) strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development;

(v) increasing investment in Science, Technology and Innovation (STI), as key drivers and enablers of sustainable regional development and socio-economic transformation, as well as creating an enabling environment for their application;

(vi) enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilization and conservation, environmental sustainability and climate change management.

(vii) attaining a fully functioning Customs Union;

(viii) accelerating the full implementation of the Common Market Protocol, including protection of fair competition, and of the Monetary Union;

(ix) accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability;

(x) developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates; and

(xi) enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process. These Strategic Development Objectives will be operationalized by appropriate sets of Strategic Interventions at Pillar, Sectoral, Sub-sectoral, Organ and Institution levels.

Government of Uganda has a duty to ensure that these objectives are achieved by operationalizing them at national level. The main challenge is that the strategy comes into force when the national plan for the same period was already in place. There are similar strategies reflected in the regional and national plans. These include; the prioritisation of prioritization of enhanced investment in infrastructure development, accelerating implementation of industrialization policy and strategy; enhancing investment in human capital development focusing on skills development; fast-tracking the implementation of Common Market and Monetary Union Protocols; increasing efficiency of the public sector and competitiveness of the private sector; implementing policies for enhancing planned and controlled urbanization; enhancing institutional and legal frameworks for good governance; and ensuring appropriate mainstreaming of the key cross-cutting issues across all growth sectors.

4.2.5.2 The National Development Plan

The national development plan for Uganda addresses itself to the issues of regional integration in its development context by aiming to leverage the Country's growth opportunities and honour development and partnership obligations at the regional level. The strategic direction of the NDPII clearly outlines the objectives of the medium term the plan with are consistent with the regional strategic plan: In particular, to (i) increase sustainable production, productivity and value addition in key growth opportunities; (ii) increase the stock and quality of strategic infrastructure to accelerate the country's competitiveness; (iii) enhancing human capital development; and (iv) strengthening mechanisms for quality, effective and efficient service delivery. The strategies: (i) ensuring macro-economic stability; (ii) industrialization and export oriented growth through value addition, agro processing, mineral beneficiation, selected heavy and light manufacturing; (iii) an employment creation strategy through fast tracking skills development and harnessing the demographic dividend; (iv) strong Public/Private Partnerships (PPPs) for sustainable development; and (vi) strengthening governance mechanisms and structures are in line with the objectives at regional level. This indicates the high level of consistency between the regional and national development plans.

4.2.5.3 Sector Development Plans

The process of harmonizing sectoral development plans and the EAC development strategy is through the sector's careful selection of interventions that contribute to the national objectives, which also have a regional outlook in terms of attracting resources, and making the country more competitive, or taking advantage of the opportunities created by integration. The national policy on EAC integration provides critical guidance on the key areas of development that harmonised national development with regional integration (Republic of Uganda, 2015). It is important that sector development planning processes take into account the policy provisions in order to make Uganda match along with the rest of EAC and enable the country to take advantage of regional resources. Responsibilities of each sector, ministry, agency and department are articulated in the national policy on EAC integration.

4.2.5.4 Institutional Structures and Coordination

The republic of Uganda has set up relevant structures for the coordination of the activities of the EAC Integration. In particular, the Ministry of East African Integration (MEACA) was set up in 2007 as a fully-fledged Ministry with a vote and its own Accounting Officer. The mandate of the ministry is to "steer Uganda's regional integration agenda in accordance with the objectives of the Treaty for establishment of East African Community". MEACA therefore promotes Uganda's interests in the pursuit of East African Regional Integration. In particular, MEACA initiates and develops policies that support East African Community integration; provides leadership in the negotiation process including the development of country positions; follows-up the implementation of EAC Summit and Council decisions as well as directives as a way of ensuring compliance; conducts research on the impact of EAC regional Integration to inform Policy actions; sensitizes and creates awareness about the progress and benefits of EAC integration and enhance participation of all stakeholders including the Public,

Private Sector and Civil Society; builds capacity of all Stakeholders including MDAs, Private Sector and Civil Society on EAC regional integration matters to enhance participation; and fosters cooperation arrangements with other Regional and International Organizations whose activities have a bearing on the objectives of EAC.

At regional level, the organs of the community namely, Lake Victoria Basin Commission (LVBC), Lake Victoria Fisheries Organization (LVFO), Inter-University Council of East Africa (IUCEA), Civil Aviation Safety and Security Oversight Agency (CASSOA), East African Science and Technology Commission (EASTECO), East African Health Research Commission (EAHRC), East African Kiswahili Commission (EAKC), and East African Community Competition Authority (EACA) are in place to handle specific areas of mutual interest to the region. A selected list of activities they will be undertaking in the medium term to Uganda can take advantage are provided in annex 4. The MDAs whose mandate is associated with the organs of the EAC have a duty to closely work together in developing strategies for implementing the regional agenda and in the process harness synergies that enhance the realisation of the country's development aspirations.

4.2.5.5 Financing of Regional Priorities and Projects

The EAC has developed mechanisms for the joint mobilisation of resources for development financing as art of the framework of the regional strategic development plans. In February 2018, a retreat of Heads of State was held under the theme “development of resilient infrastructure to achieve industrialisation and support trade to foster socioeconomic transformation in the EAC”. In such retreats, flagship projects are considered. For Uganda, the following projects were included among the regional projects considered:

- i) Construction to standard gauge of the Mombasa—Nairobi—Malaba—Kampala—Kigali—with Malaba—Nimule—Juba—spur, valued at USD 19,221 million;
- ii) Establishment of the EAC Upper Flight Information Region (Seamless Operation) valued at USD 60 million;
- iii) Development and expansion of Arua Airport, valued USD 150 million; under the development of the EAC based Airports and EAC upper flight information region (seamless operations) in total values at USD 1,856 million
- iv) Hoima Oil Refinery valued at USD 4,000 million;
- v) Construction of Kampala—Jinja Express High way and the Southern Bypass (96Km) valued at USD 1,000million;
- vi) Mombasa—Nairobi—Malaba—Jinja Express way valued USD 886 million;
- vii) Construction of a new Oil pipeline from Hoima-Uganda to Tanga—Tanzania valued USD 4,000 million; and
- viii) Lake Victoria Transport Programme (LVTP) valued at USD 1,200 million.

While these projects will be executed by the partner states in regards to financing, there is joint coordination of the resourcing, and implementation to ensure timely completion. This calls for efficient programming in order to remain on course. Project teams need to be vigilant, efficient and effective to make the projects succeed.

In a similar manner, projects in the area of health have been fronted jointly. In particular, MEACA is reported to have coordinated 5 EAC sectoral council of health ministers, at which health priorities for the region have been articulated. Annex 5 presents the details of the priorities of the sector. These priorities were presented to the Heads of State Summit in February 2018. Such processes benefit Uganda in its efforts to transform the economy and its people.

4.3 Prospects and the Outlook

There are positive socioeconomic transformation prospects from the existing efforts for regional integration in the EAC. The application of the electronic cargo tracking system enhanced on the Northern corridor is expected to be extended to the central corridor by April 2018 to support the implementation of the single customs territory and other trade facilitation initiatives.

In March 2018, the EAC was expected to host the 4th world customs organisation Authorised Economic Operator (AEO) global conference in Uganda, at which an action plan on the AEO mutual recognition agreement with India and South Korea would be signed. The number of AEOs was expected to increase from 46 in May 2017 to 76 by March 2018. There is an ongoing review of the common external tariff 2012 and the EAC customs management Act 2004 to respond to changes in global trade and the economic environment in the EAC. The EAC Elimination of NTBs Act 2017 will be reviewed to make it more comprehensive to enable it address the issues of NTBs. Accordingly the Act and regulations are under review by the EAC partner States.

In regard to the common market, the republic of Tanzania is expected to finalise the process of amending its telecommunications regulations to pave way for the implementation the EAC roaming framework by December 2018, at the same time with the republic of Burundi. Twelve OSBPs were completed by December 2017, and the three remaining are yet to be completed and resources mobilisation is ongoing.

Other areas that are on-going include: Mutual recognition of land surveyors will be achieved with the expected signing of the mutual recognition agreement in 2018; Sensitisation has been made for the realisation of mutual recognition for pharmacists; having undertaken studies on Cotton, textiles and Apparels Value Chains and the Leather and Footwear value chains, there is an on-going process to develop action plans by December 2018. Synchronisation of short-term policy measures with line sectors was being undertaken. Issues include the need to review the common external tariffs to provide incentives for value addition and cushioning the industry against dumping. Steps have been undertaken through the enforcement of sanitary and phytosanitary requirements focusing on used undergarments and synthetic shoes; following a comprehensive study on the automobile industry in EAC in May 2017, it was recommended that there should be harmonisation of the age limit for imported used motor

vehicles. This is intended to promote local assembly of affordable motor vehicles in the EAC starting 2018/19; and in regard to the Monetary Union, the bill for the establishment of the monetary institute was before the legislative assembly for consideration into law. This is in line with ensuring that the monetary union is realised by 2024.

5. Conclusions and Recommendations

This review has traced the key developments of the EAC integration and has identified gaps in programming to inform medium-term development planning. The EAC has made many achievements along the pillars of integration, making it possible to increase the volume of trade and investment in the region, has enabled the free movement of persons across national borders without visas. Key challenges remain, especially those to deal with nontrade barriers that keep re-occurring; a slow pace in the implementation of decisions made by the council; and irregular contribution by member states of their financing obligations which slows the pace of implementation of regional decisions. The regional market has increased for all member states and the EAC is ranked the best model of integration in Africa.

Uganda has benefitted immensely from the EAC integration by exploiting its comparative advantage in certain industries, and has registered growth in exports to the region at unprecedented rates. Trade has grown faster than investment in the region. The country has benefitted from joint coordination of programmes and projects facilitating resource mobilisation for priority projects. Uganda has been exposed to a larger market and benefits from the greater voice of the region in negotiating for access to larger markets in the US and EU. The key challenges remain the recurrence of non-trade barriers and the low pace of project execution which hinder accelerated registration of benefits. The East African Community development programming provides an opportunity for the government of Uganda to take advantage of the long-term perspective planning to identify areas for joint coordination and execution with the Partner States of the EAC integration.

In order to benefit fully from the EAC integration initiative, there is need to implement the policy on integration without any reservation. Other recommendations include the following: increase awareness about the market opportunities among Ugandans in order for them to take greater advantage; minimise the introduction of NTBs against partner states to assure partner states of the resolve to fully integrate with them in the region; improve capacity for Uganda's project identification, formulation and development process in order to match the speed that other partner states especially Kenya and Tanzania employs in the execution of regional projects; invest more in SMEs and other private sector initiatives that have orientation towards exploiting the markets that have been created within and outside the region, by increasing their productivity. The SMEs require education grants and development finance for them to take up greater risk in exploiting regional opportunities; strengthen the Ministry of EACA for it to effectively coordinate and popularise the integration agenda. There is need to expand the scope of the Ministry to also deal with COMESA and SADC in a more succinct manner,

and enable Ugandans take advantage of the opportunities this creates; prioritise the development of the ten year perspective plans for the country to effectively coordinate master plans of sectors so that that provides a platform for selection and appraisal of regional projects; increase the country's response mechanism to understudy regional laws, protocols and policies to reduce the time to decide on each framework and ensure timely signing, ratification and domestication; and fast track the resourcing and implementation of projects expected to increase the country's competitiveness, to enable the country sustain its comparative advantage so far demonstrated.

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Notes

- Note 1. Falling from an average of 34 to eight (8) months per NTB.
- Note 2. Established to spearhead research on matters of peace & security, governance and foreign policy coordination.
- Note 3. Total absolute value of the difference between share of imports and share of exports of a member state in a REC.
- Note 4. Inflation rate in 2013.
- Note 5. Ranks from Symmetric Index (SI); An SI closer to one indicates that Uganda has an RCA in that product chapter.
- Note 6. Assumed a constant growth for South Sudan for the previous year to estimate 2016 due to missing data.
- Note 7. South Sudan data is from World Bank, and for Uganda is from the Central Bank instead of the Bureau of statistics.